

CITY OF TACOMA
Pierce County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. Payroll Charges To Federal Programs Should Comply With Federal Regulations

During our review of the City of Tacoma's 1992 U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program (CFDA 14.218), we noted that accurate time and attendance records were not maintained for the CDBG payroll charges.

The departmental Time Attendance Record was intended to record actual time spent on projects for those employees charging to more than one cost objective. Some staff reported their time worked on CDBG projects at the budgeted rather than the actual hours worked. Others charged entirely to the grant but did not keep departmental Time Attendance Records.

United States Office of Management and Budget (OMB) Circular A-87, Attachment B, Section B.10.b, states in part:

. . . Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records . . .

Prior to October 1992, the staff thought budgeted time and attendance records were acceptable. While the previous practices were changed at that time, no adjustment was made to the city or grant accounting records. The inaccurate time and attendance records resulted in an overcharge to the CDBG programs of \$80,036.76 for salaries and benefits.

We recommend the city return the \$80,036.76 of costs which are not allowable under the terms of the Community Development Block Grant agreement. We further recommend the department continue to obtain accurate time and attendance records from all employees chargeable to federally funded programs.

2. City Should Repay Interest Earned On Federal Grant Advances

The City of Tacoma earned approximately \$3,800 of interest income on grant program advances received from Bonneville Power Administration (BPA) during 1992. This interest amount is in addition to amounts already reported and repaid to BPA.

The interest was earned on these moneys between the time of the wire transfer to the bank account and the posting to the Utilities Fund for use in grant programs. The average delay was approximately nine days and the interest earned was credited to the General Fund.

OMB Circular A-102, Attachment E, states in part:

Interest earned on advances of federal funds shall be remitted to the federal agency

By failing to promptly post the advances received from BPA, the city delayed the use of these funds for their intended purpose in the BPA conservation programs.

We recommend the city repay BPA the interest earned on the grant advances that were not posted timely. We further recommend the city promptly post all grant advances received to the appropriate city funds so that the grant programs can make use of the funds as soon as possible.

3. Street Grant Reimbursement Claims Procedures Should Be Improved

As a part of our audit of the 1992 Highway Planning and Construction Grant (CFDA 20.205) programs, it was noted that reimbursement claims had not been prepared for the majority of the street projects. In some cases, unclaimed expenditures existed from periods prior to 1992.

In mid-1993, the city compiled and submitted reimbursement requests for the unclaimed street project expenditures incurred through December of 1992. It was noted that several of these projects had been completed and closed since the previous claims and in some instances over a year had passed since project closure.

The cause of the delay appears to be a shortage of available resources and high staff turnover in the department which prepares the claims.

According to the Washington State Department of Transportation (WSDOT) Local Agency Guidelines (LAG) manual, the city is allowed 90 days to claim final reimbursement once a project has been completed and closed. Failure to submit a final reimbursement request within the specified time limits could serve to jeopardize both the expenditure claim and the city's status as a certification acceptance agency.

We recommend that the city devote additional resources to the timely, regular preparation and submission of reimbursement claims for federal street grant programs.

4. City Should Prepare And Submit An Accurate And Timely Annual Street Report

The 1992 annual street report was submitted on June 15, 1993, two and a half months after the due date and 15 days after the extension the city was granted by the Washington State Department of Transportation (WSDOT). Additionally, the street report as submitted failed to accurately present all federal grant revenue for the 1992 fiscal year.

RCW 35.21.260 states:

The governing authority of each city and town on or before March 31st of each year shall submit such records and reports regarding street operation in the city or town to the secretary of transportation

A shortage of available resources was cited as the reason for the late reporting.

Without timely, accurate street information the Washington State Secretary of Transportation and other interested parties are presented with incomplete data for use in planning and decision making.

We recommend that the city devote additional resources to the preparation of the annual street report in order to ensure that the deadline is met. We further recommend that the city take additional care in the preparation of the report in order to ensure that the data contained therein is accurate.

5. Library Should Properly Account For Equipment Purchased With Federal Funds

As a part of our review of equipment purchases for the 1992 fiscal year, it was noted that four closed circuit televisions had been purchased using funds received from a Library Services Construction Act grant (CFDA 84.034). These four televisions had not been recorded on the library's fixed asset inventory system despite the fact that they had been received more than nine months prior to our inspection.

Subpart C.32 of the "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* stipulates that:

. . . Property records must be maintained that include a description of the property, a serial number or other identification number . . . the location, use, and condition of the property . . . A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

By not establishing and regularly reviewing an equipment inventory system, the library is unable to ensure that equipment purchased with federal funds will be put to the use for which it is intended. Furthermore, an inaccurate, outdated equipment inventory does little to prevent improper diversion of library resources.

The library appears to be aware of the problem and the record keeping requirements; however, adequate resources have not been available to bring the equipment records up-to-date.

We recommend that the library make additional resources available for the establishment of an accurate equipment inventory system and regular annual reviews of this inventory.